

1999 Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations - Individuals, Estates, and Trusts

3805V

Attach to your California tax return.

Name(s) as shown on return

Social security number

FEIN

Part I Computation of Current Year NOL. If you do not have a current year NOL, go to Part II.**Section A — Individuals, Estates, and Trusts**

| | | | |
|---|---|-----------|-----|
| 1 | Adjusted gross income from 1999 Form 540, line 17 or 1999 Form 540NR, line 17. If negative, use brackets. Estates and trusts, begin on line 3 | 1 | |
| 2 | Itemized deductions or standard deduction from 1999 Form 540, line 18 or 1999 Form 540NR, line 18 | 2 | () |
| 3 a | Combine line 1 and line 2. (Estates and trusts, enter taxable income, see instructions.) If negative, use brackets. If positive, enter -0- here and on line 20 and do not complete the rest of Part I; you do not have a current year NOL. Complete Part II and Part III if you have a carryover from prior years. | 3a | |
| b | 1999 disaster loss included in line 3a. Enter as a positive number | 3b | |
| c | Combine line 3a and line 3b. If negative, use brackets and continue to line 4. If zero or more, do not complete the rest of Part I. Enter the amount from line 3b, if any, in Part III, line 3, column (d) and complete Part II and Part III as instructed | 3c | |
| Note: Enter amounts on line 4 through line 26 as if they were all positive numbers. See instructions. | | | |
| 4 | Nonbusiness capital losses | 4 | |
| 5 | Nonbusiness capital gains. See instructions | 5 | |
| 6 | If line 4 is more than line 5, enter the difference; otherwise, enter -0- | 6 | |
| 7 | If line 4 is less than line 5, enter the difference; otherwise, enter -0- | 7 | |
| 8 | Nonbusiness deductions | 8 | |
| 9 | Nonbusiness income other than capital gains | 9 | |
| 10 | Add line 7 and line 9 | 10 | |
| 11 | If line 8 is more than line 10, enter the difference; otherwise, enter -0- | 11 | |
| 12 | If line 8 is less than line 10, enter the difference; otherwise, enter -0- | 12 | |
| 13 | Business capital losses | 13 | |
| 14 | Business capital gains. See instructions | 14 | |
| 15 | Add line 12 and line 14 | 15 | |
| 16 | If line 13 is more than line 15, enter the difference; otherwise, enter -0- | 16 | |
| 17 | Add line 6 and line 16 | 17 | |
| 18 | Enter the loss, if any, from line 8 of Schedule D (540). (Estates and trusts, enter the loss, if any, from line 9, column (c), of Schedule D (541).) If you do not have a loss on that line (and do not have an R&TC Section 18152.5 exclusion), skip line 18 through line 23 and enter on line 24 the amount from line 17. | 18 | |
| 19 | R&TC Section 18152.5 exclusion. Enter as a positive number | 19 | |
| 20 | Subtract line 19 from line 18. If zero or less, enter -0- | 20 | |
| 21 | Enter the loss, if any, from line 9 of Schedule D (540). (Estates and trusts, enter the loss, if any, from line 10 of Schedule D (541).) Enter as a positive number | 21 | |
| 22 | If line 20 is more than line 21, enter the difference; otherwise, enter -0- | 22 | |
| 23 | If line 21 is more than line 20, enter the difference; otherwise, enter -0- | 23 | |
| 24 | Subtract line 22 from line 17. If zero or less, enter -0- | 24 | |
| 25 | NOL and disaster loss carryovers from prior years. See instructions | 25 | |
| 26 | Add line 11, line 19, line 23, line 24, and line 25 | 26 | |
| 27 | Combine line 3c and line 26. If more than zero, enter -0-. You do not have a current year NOL to carryover | 27 | |
| 28 | Enter as a positive number the amount from line 27 that represents losses incurred by a new business and/or an eligible small business. Do not enter more than the amount on line 27 | 28 | |
| 29 | Decrease the loss on line 27 by the amount on line 28 | 29 | |
| 30 | General NOL. Multiply line 29 by 50% (.50) | 30 | |
| 31 | 1999 NOL carryover. Add line 28 and line 30. See instructions | 31 | |

Section B — Nonresidents and Part-Year Residents Only — Computation of Current Year California NOL

Do not complete this section if Section A, line 27 is zero.

Note: Enter amounts on line 32 through line 37 as if they were all **positive** numbers.

| | | |
|-----------|--|-----------|
| 32 | Enter the NOL from all sources from Section A, line 27 | 32 |
| 33 | Enter the California adjusted gross income from 1999 Form 540NR, line 20 if it is a loss. If it is not a loss, you do not have a California NOL | 33 |
| 34 | California source NOL amount from 1999 Schedule CA (540NR), line 21d, column B, plus net capital loss from 1999 Schedule CA (540NR), line 13, column E | 34 |
| 35 | If line 33 is more than line 34, enter the difference; otherwise, enter -0- | 35 |
| 36 | Enter the smaller of line 32 or line 35 | 36 |
| 37 | Enter as a positive number the amount from line 36 that represents losses incurred by a new business and/or an eligible small business. Do not enter more than the amount on line 36 | 37 |
| 38 | Subtract line 37 from line 36 | 38 |
| 39 | General NOL. Multiply line 38 by 50% (.50) | 39 |
| 40 | 1999 NOL carryover. Add line 37 and line 39. See instructions | 40 |

PART II Determine 1999 Modified Taxable Income (MTI). Be sure to read the instructions for Part II.

| | | |
|--|--|----------|
| 1 | Taxable income. See instructions | 1 |
| Note: Enter amounts on line 2 through line 4 as if they were all positive numbers. | | |
| 2 | Capital loss deduction included in line 1 | 2 |
| 3 | Disaster loss carryover included in line 1 | 3 |
| 4 | NOL carryover included in line 1 | 4 |
| 5 | MTI. Combine line 1 through line 4. If line 5 is zero or less, enter -0- | 5 |

PART III NOL Carryover and Disaster Loss Carryover Limitations. See Instructions.

| | | (g) Available balance | |
|----------|--------------------------------|--------------------------|--|
| 1 | MTI from Part II, line 5 | 1 | |

Prior Year NOLs

| (a) Year of loss | (b) Code | (c) Type of NOL * | (d) Total Loss | (e) Carryover from 1998 | (f) Amount used in 1999 | | (h) Carryover to 2000 subtract column (f) from column (e) |
|------------------------|-------------|----------------------|-------------------|-------------------------------|-------------------------------|--|--|
| 2 | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

***Type of NOL:** General (GEN), New Business (NB), Eligible Small Business (ESB), Title 11 (T11), or Disaster (DIS).**Current Year NOLs**

| | | | | | | | |
|----------|-------------|-----------|------------|--|--|--|--|
| 3 | 1999 | 20 | DIS | | | | |
| 4 | 1999 | | | | | | |
| | 1999 | | | | | | |
| | 1999 | | | | | | |
| | 1999 | | | | | | |

| | | |
|----------|---|----------|
| 5 | NOL carryover. Add the carryover amounts in column (h) that are not the result of a disaster loss | 5 |
| 6 | Disaster loss carryover. Enter the total loss carryover amounts in (h) that are the result of disaster losses | 6 |

1999 Instructions for Form FTB 3805V

Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates, and Trusts

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1998**, and the California Revenue and Taxation Code (R&TC).

General Information

In general, California tax law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to most of the changes made to the IRC by the federal Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206) and has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277).

Note: In 1998, the Franchise Tax Board (FTB) implemented the new principal business activity (PBA) code chart that is based on the North American Industry Classification System (NAICS). However, the California R&TC still uses the Standard Industrial Classification code (SIC Manual, 1987 Edition) for purposes of the new business and eligible small business NOL.

Los Angeles Revitalization Zone (LARZ)

The Los Angeles Revitalization Zone (LARZ) expired on December 1, 1998. No new LARZ NOLs may be generated. However, LARZ NOL carryovers can be utilized to the extent of business income apportioned to the former LARZ. Get FTB 3806, Los Angeles Revitalization Zone Business Booklet, for more information.

What's New

Gain on the Sale of Small Business Stock

The amount of gain from small business stock that is excludable from gross income under R&TC Section 18152.5 must be added back in the computation of your NOL. If you had both an NOL and excluded gain from the sale of small business stock in 1998 or 1999, treat them as follows:

1999 — The 1999 form FTB 3805V has been revised to add back excluded gain on the sale of small business stock in the computation of a 1999 NOL. Complete the form as usual.

1998 — The 1998 form FTB 3805V did not have you add back gain from the sale of small business stock under R&TC Section 18152.5. If you had an NOL in 1998 and you excluded gain from the sale of small business stock from your 1998 gross income, your 1998 NOL may be overstated. In this case, recompute your 1998 NOL using the 1999 form FTB 3805V. If you need to amend your 1998 return, use Form 540X, Amended Individual Income Tax Return. To order the 1999 Form 540X, go to our website at www.ftb.ca.gov, or call 1-800-338-0505, select personal income tax, then forms requests, and follow the recorded instructions.

A Purpose

Individuals, estates, or trusts must use form FTB 3805V to figure the current-year NOL and to limit the NOL carryover and disaster-loss deductions.

Form FTB 3805V is divided into three parts:

- Part I: Computation of Current Year NOL;
Part II: Determine Modified Taxable Income (MTI). MTI is the amount of your taxable income that can be offset by your prior years' loss carryover; and
Part III: NOL Carryover and Disaster Loss Carryover Limitations.

Corporations must use form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations —Corporations.

B Types of NOLs

Net Operating Losses and Disaster Losses

If your deductions for the year exceed your income, you may have an NOL carryover. The California NOL is generally figured the same way as the federal NOL. However, under California law:

- An NOL may be carried over only to future years. No carrybacks are allowed (except for specified disaster losses);
- Carryover periods and percentages vary with the type of California NOL; and
- You can elect to carry over 100% of your NOL from an activity within the following areas or zones to offset income earned solely within those areas or zones:
 - Enterprise Zone (EZ). Get FTB 3805Z, Enterprise Zone Business Booklet, for more information;
 - Los Angeles Revitalization Zone (LARZ). Get FTB 3806, Los Angeles Revitalization Zone Business Booklet, for more information;
 - Local Agency Military Base Recovery Area (LAMBRA). Get FTB 3807, Local Agency Military Base Recovery Area Business Booklet, for more information;
 - Targeted Tax Area (TTA). Get FTB 3809, Targeted Tax Area Business Booklet, for more information.

The following table describes the various types of losses and shows the carryover percentages and periods for each.

| Type of NOL and Description | Year NOL Incurred | Carryover % | Carryover Period |
|---|---|----------------------|-------------------------------|
| General NOL (GEN) Available as a result of a loss incurred in years after 1986 and allowed under R&TC Section 17276. (Does not include losses incurred from activities that qualify as a new business or an eligible small business (described below), an EZ, LARZ, LAMBRA, TTA, or disaster loss). | 1994-1999 1987-1993 | 50% None | 5 Years Expired |
| New Business NOL (NB) Refer to Franchise Tax Board Legal Ruling 96-5 issued August 19, 1996 Incurred by a trade or business that first commenced in California on or after January 1, 1994. During the first three years of business, 100% of an NOL may be carried over for an extended period, but only to the extent of the net loss from the new business. If a taxpayer's NOL exceeds the net loss from the new business, the excess may be carried over as a general NOL. If a taxpayer acquires assets of an existing trade or business which is doing business in California, the trade or business thereafter conducted by the taxpayer or related persons (IRC Sections 267 or 318) is not a new business if the fair market value (FMV) of the acquired assets exceeds 20% of the FMV of the total assets of the trade or business. If a taxpayer or related person has been engaged in a trade or business in California within the preceding 36 months and thereafter commences an additional trade or business in California, the additional trade or business qualifies as a new business only if the activity is classified under a different division of the Standard Industrial Classification (SIC) Manual, 1987 Edition. Business activities conducted by the taxpayer or related persons wholly outside California are disregarded in determining whether the trade or business conducted within California is a new business. Effective January 1, 1997, the term "new business" includes any taxpayer engaged in biopharmaceutical activities or other biotechnology activities described in Codes 2833 to 2836 of the SIC Manual, 1987 Edition. It also includes any taxpayer that has not received regulatory approval for any product from the United States Food and Drug Administration. See R&TC Section 24416(g)(7)(A) for more information. | Year of Business Activity Year 1 Year 2 Year 3 | 100% 100% 100% | 8 Years 7 Years 6 Years |
| Eligible Small Business (ESB) Refer to Franchise Tax Board Legal Ruling 96-5 issued August 19, 1996 Incurred in operating a trade or business activity that has gross receipts, less returns and allowances, of less than \$1 million during the income year. 100% of an NOL may be carried over, but only to the extent of the net loss from the eligible small business. If a taxpayer's NOL exceeds the net loss from an eligible small business, the excess may be carried over at 50% as a general NOL. Taxpayers should use the same SIC Code tests described in the "New Business NOL," above, to group trade or business activities for the eligible small business NOL. | Taxable Years Beginning on or After 1/1/94 | 100% | 5 Years |

Continued

| Type of NOL and Description | Year NOL Incurred | Carryover % | Carryover Period |
|---|----------------------------------|-----------------|--|
| Taxpayer in Title 11 Bankruptcy (T11) NOL incurred from 1987 through 1993 by taxpayers who were under the jurisdiction of the court in Title 11 Bankruptcy proceedings prior to January 1, 1994. | 1987-1993 | 50% | 10 Years |
| Disaster Losses (DIS) Casualty losses sustained as the result of a disaster, not reimbursed by insurance or otherwise, and designated by the President of the United States or the Governor of California to warrant assistance. If the loss qualifies under IRC Section 165(i), the taxpayer may elect to deduct the loss from the previous year's income. If special legislation is enacted under the California Revenue and Taxation Code, 100% of the excess loss may be carried over for up to 5 years, 50% of the remaining loss for up to 10 additional years. | See "Designated Disasters" below | 100% 50% | First 5 Years 10 Years Thereafter |

| Designated Disasters | | |
|----------------------|------|--|
| Year | Code | Event |
| 1999 | 20 | Wildfires and other related casualties** |
| 1999 | 19 | Winter Freeze 98/99 |
| | | 1998 |
| 1998 | 18 | El Niño 98 |
| 1997 | 17 | Disaster floods 96/97 |
| 1996 | | |
| 1996 | 16 | Firestorms in Los Angeles, Orange, and San Diego Counties* |
| 1995 | 15 | Storms, flooding, and other related casualties |
| 1994 | 14 | San Luis Obispo fire and other related casualties |
| 1994 | 13 | Los Angeles, Orange, and Ventura County earthquake, and other related casualties |
| 1993 | 12 | Storms, floods, and other related casualties |
| 1992 | 11 | Wildfires and other related casualties in Calaveras and Shasta Counties |
| 1992 | 10 | San Bernardino County earthquake and other related casualties |
| 1992 | 9 | Riots, arson, and related casualties in California during April and May |
| 1992 | 8 | Humboldt County earthquake and related casualties |
| 1992 | 7 | Storms, floods, and other related casualties |
| 1991 | 6 | Oakland/Berkeley fire and other related casualties |
| 1990 | 5 | Santa Barbara fires and other related casualties |
| 1989 | 4 | Bay Area earthquake and other related casualties |
| 1987 | 3 | Forest fires, October earthquake, and other related casualties |
| 1986 | 2 | Storms, floods, and other related casualties |
| 1985 | 1 | Forest fires and related casualties occurring in California |

*Carryover period limited to 5 years at 50%. No special legislation was enacted.

**Carryover period limited to 5 years at 50%. No special legislation had been enacted as of the date this form was published; however, if subsequent legislation is enacted which adds these wildfires to the list of eligible disasters identified in California Revenue and Taxation Code Sections 17207 and 24347.5, the carryover period will be extended to 100% for the first 5 years, and 50% for 10 additional years.

C Nonresidents and Part-Year Residents

Current Year Loss

Complete Part I, Section A, as though you were a full-year California resident for the current year and all prior years to figure your NOL from all sources for 1999.

You do not have a California NOL if you do not have an NOL from all sources. Your California NOL is limited to the amount of your negative California adjusted gross income (without regard to your net capital losses) or your NOL from all sources, whichever is the smaller loss.

Complete Part I, Section B, to figure how much of the 1999 NOL amount in Section A has a California source.

Note: You may not include your itemized deductions in your California NOL.

Carryover from prior years

If you had an NOL carryover from a prior year that you are deducting in 1999, complete Part II and Part III as though you were a full-year California resident for the current year and all prior years to figure how much of your loss carryover has been

used in 1999 and how much is left to carry over to 2000.

Specific Line Instructions

Part I — Current Year NOL

Use Part I to figure your current year NOL, if any, to carry over to future years.

If you have losses from more than one source and/or more than one category, it may be necessary to compute the allowable NOL carryover for each loss separately.

If you do not have a current year NOL, skip Part I and go to Part II.

If you have a current year NOL relating to an EZ (R&TC Section 17276.2), LAMBRA (R&TC Section 17276.5), or TTA (R&TC Section 17276.6), you must **elect** on your original return to carry over only one of these losses or the loss under R&TC Section 17276 (relating to general NOLs). The election is **irrevocable**. Get FTB 3805Z, Enterprise Zone Business Booklet, FTB 3807, Local Agency Military Base Recovery Area Business Booklet, or FTB 3809, Targeted Tax Area Business Booklet for more information.

Section A — Individuals, Estates, and Trusts

Line 3 — Estates or trusts, enter the amount from your 1999 Form 541, line 20, or Form 109, line 14.

Line 4 through Line 7 — You may deduct nonbusiness capital losses up to the amount of nonbusiness capital gains. You may not deduct any excess of nonbusiness capital losses over nonbusiness capital gains.

Nonbusiness capital losses and gains are losses and gains from other than a trade or business. These include sales of stock, metals, and other appreciable assets as well as any recognized gain from the sale of your principal residence.

Note: Enter your nonbusiness capital gains without regard to any R&TC Section 18152.5 exclusion.

Line 8 — Enter deductions that are not related to a trade or business and are not related to your employment (such as taxes, medical expenses, alimony, charitable contributions, and your contributions to individual retirement plans). If you do not itemize your deductions, your nonbusiness deductions include the standard deduction. A casualty loss is considered a "business expense" regardless of whether it is connected with a trade or business; do not include it as a nonbusiness deduction.

Line 9 — Enter income that is not related to a trade or business (such as dividends, pensions, annuities, income from an endowment, or interest earned on investments).

Line 10 through Line 12 — You may subtract nonbusiness deductions only from nonbusiness income, including any nonbusiness capital gains that remain after deducting nonbusiness capital losses. If your nonbusiness deductions are larger than your nonbusiness income, you may not deduct the excess.

Line 13 through Line 16 — You may deduct business capital losses only up to the total of business capital gains and any nonbusiness capital gains that remain after deducting nonbusiness capital losses and other nonbusiness deductions.

Note: Enter your business capital gains without regard to any R&TC Section 18152.5 exclusion.

Line 25 — Enter the amount of your prior year NOL and disaster loss carryovers from Schedule CA (540 or 540NR) line 21b, line 21d, and line 21e column B or Form 541, line 15a.

Line 30 — Enter 50% of the amount on line 29 as a positive number. For taxpayers filing Form 540 or Form 541, this is your general NOL carryover to future years.

Line 31 — Enter the amounts from line 28 and line 30 on Part III, line 4, column (d) and column (h). If you have an NOL from more than one source, list each loss separately.

If you have an NOL or disaster loss from prior years (line 25), complete Part II and Part III, to determine the loss carryover to future years.

Form 540NR filers: Complete Part I, Section B, to determine your California NOL carryover.

Section B — Nonresidents and Part-Year Residents

Line 34 — Enter the amount of any NOL carried over from a prior year that is included on Schedule CA (540NR), line 21d, column B, plus any net capital loss amount on Schedule CA (540NR), line 13, column E.

Line 36 — Enter the smaller of line 32 or line 35. Your loss is limited to the lesser of negative California adjusted gross income (without deductions for net capital losses) or the NOL from all sources.

Line 40 — This is your deductible California NOL to be carried over to future years and entered on your Schedule CA (540NR). When you complete Part III the second time to figure your California NOL carryover, enter the amounts from line 37 and line 39 on Part III, line 4, column (d) and column (h). If you have an NOL from more than one source, list each loss separately.

Part II — Modified Taxable Income (MTI)

Use this part if:

- You are carrying over an NOL from years prior to 1999;
- You are carrying over a disaster loss from years prior to 1999; or
- You have an unused 1999 disaster loss to carry over.

The purpose of this part is to figure your MTI. You must make certain modifications to your taxable income to determine how much of your prior year loss carryover has been used this year and how much you can carry over to next year. Your carryover to next year is the excess of your NOL deduction over your MTI.

Use this part to determine what your 1999 income (loss) was before taking any NOL carryover, disaster loss, or disaster loss carryover deductions. This adjusted amount is called your MTI.

If you are a nonresident or part-year resident filing **Form 540NR**, note the special instructions for the various lines. You must **complete Part II and Part III twice**: once to figure your NOL from all sources to be carried over to future years, and once to figure your California NOL to be carried over to future years.

Line 1 – Form 540 filers: Subtract Form 540, line 18 from Form 540, line 17. If negative, use brackets.

Form 541 filers: Subtract Form 541, line 18 from Form 541, line 17. If negative, use brackets.

Form 540NR filers: To figure your MTI from all sources, subtract Form 540NR, line 18 from Form 540NR, line 17. If negative, use brackets. To figure your California MTI, enter the amount from your 1999 Form 540NR, line 20.

Line 2 – Enter as a positive number the net capital loss deduction from your 1999 Schedule D, line 9, or Schedule D (541), line 10.

Form 540NR filers: To figure your MTI from all sources, enter your net capital loss from your 1999 Schedule D. To figure your California MTI, enter the net capital loss from your 1999 Schedule CA (540NR), line 13, column E, determined in accordance with Schedule D.

Line 3 – Enter as a positive number the disaster loss deduction from your 1999 Schedule CA (540), line 21b, column B or Form 541.

Form 540NR filers: To figure your MTI from all sources, enter the disaster loss deduction amount from your 1999 Schedule CA (540NR), line 21b, column B. To figure your California MTI, enter the amount of disaster loss carryover deduction included on your 1999 Schedule CA (540NR), line 21, column E.

Line 4 – Enter as a positive number the NOL carryover deduction from your 1999 Schedule CA (540), line 21d, column B, or Form 541, line 15a.

Form 540NR filers: To figure your MTI from all sources, enter the amount from your 1999 Schedule CA (540NR), line 21d, column B. To figure your California MTI, enter the amount of NOL deduction included on your 1999 Schedule CA (540NR), line 21, column E.

Part III — Limitations

Note: Keep a copy of this form with your records until you use all losses or they expire. Use this section to:

- Figure the NOL or disaster loss deduction actually taken in 1999 and the total disaster losses and NOL to be carried over to future years; and
- Keep track of the expiration and limitations of any unused carryovers.

When to use an NOL carryover – Use your NOLs in the order the losses were incurred. There is no requirement to deduct NOL carryovers before disaster loss carryovers.

Line 1 – Enter the MTI from Part II, line 5. This is the maximum NOL carryover deduction you are allowed for 1999. NOL carryover amounts in excess of MTI may be eligible for carryover to 2000. See General Information B, Types of NOLs.

Line 2, Line 3, and Line 4

Column (a) – Enter the year(s), earliest first, the loss was incurred.

Column (b) – If the loss is due to a disaster, enter the disaster code from the list of designated disasters on page 2. If the loss is from a new business or eligible small business, enter:

- The SIC Code for the new business or eligible small business from the Standard Industrial Classification Manual, 1987 Edition; or
- The agricultural activity code from federal Schedule F, if this is a farming enterprise.

If the loss is from a pass-through entity (partnership, S corporation, or limited liability company (LLC)), enter the California corporation number, the partnership's FEIN, or the LLC's Secretary of State file number from Schedule K-1 (100S, 541, 565, or 568).

Column (d) – Enter the amount of the initial loss related to the year entered in column (a) on the same line.

Note: If you incurred losses from more than one new business activity or eligible small business, you must determine the allowable carryover for **each** loss listed.

Form 540NR filers: To figure your new business or eligible small business loss from all sources, enter the amount of the new business or eligible small business NOL included in Part I, line 28. To figure your new business NOL or eligible small business NOL from California sources, enter the amount of the new business or eligible small business NOL from Part I, line 37.

Column (e) – Enter the amount from your 1998 form FTB 3805V, Part III, column (h). You should have already reduced by 50% any remaining 1993 disaster loss carryover.

Column (f) – Enter the smaller of the amount in column (e) or the balance in column (g). If column (g) of the previous line has been reduced to zero, your remaining NOL carryover may be eligible for carryover to 2000. See General Information B, Types of NOLs.

Column (g) – Subtract column (f) from the balance in column (g) of the previous line and enter the result.

Column (h) – Subtract the amount in column (f) from the amount in column (e) and enter the result. Any remaining 1994 disaster loss carryover to 2000 must be reduced by 50%.

If you have a current year NOL relating to one of the following areas or zones:

- EZ (R&TC Section 17276.2), get form FTB 3805Z for more information;
- LAMBRA (R&TC Section 17276.5), get form FTB 3807 for more information; or
- TTA (R&TC Section 17276.6), get FTB 3809 for more information,

then, you must **elect** on your original return to carry over only one of these losses **or** the loss under R&TC Section 17276 (relating to general NOLs). This election is irrevocable.

Form 540NR filers: To figure your NOL from California and all sources, the amount on this line will be carried to your Schedule CA (540NR) in 2000.

Line 3 – Disaster loss carryover

Column (d) – Enter your 1999 disaster loss from Part I, line 3b. However, if you elected to claim your 1999 disaster loss on your 1998 return, enter on line 2 the carryover amount from your 1998 form FTB 3805V, Part III, line 6.

Column (f) – Enter the smaller of the amount in column (d) or the balance in column (g) of the previous line.

Column (h) – Subtract the amount in column (f) from the amount in column (d) and enter the result in column (h).

Line 4 – If you have a current year NOL from more than one source, list each loss separately.

If you operate one or more new businesses and one or more eligible small businesses, the following rules apply. Determine the amount of the loss attributable to the new business(es) and to the eligible small business(es). Then take the NOL in the following order:

- The new business NOL;
- The eligible small business NOL; and
- Any remaining NOL (treat as an NOL under the general rules).

Line 5 – NOL carryover – Total the carryover amounts from column (h) that are NOT the result of a disaster loss.